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Statement of CIA Position on NIS Reimbursement
to State and non-IAC Agencies

1. In early 1955, I participated, along with the other Deputy Directors and the Inspector General, in a comprehensive examination of CIA's reimbursement practices as they affected the NIS and other programs. It was our general conclusion at that time that intelligence programs such as the NIS which are of broad national interest, but possibly of limited departmental capability and priority, could best be financed through reimbursement. This was felt to be particularly true in the case of the NIS which requires reasonably consistent interagency support from year to year to achieve a balanced production effort among the participating agencies.

2. The DCI approved the conclusions of this report and, on 4 June 1955, forwarded them in a memorandum to the Director of the Bureau of the Budget. This 4 June 1955 memorandum was also brought to the attention of the IAC.

3. No events have since taken place that have changed the position of this Agency that reimbursement to State and the non-IAC agencies is necessary for the most economical and efficient production of the NIS. I believe the reasoning leading to this conclusion has already been thoroughly discussed in previous hearings. However, if there are further questions, I shall be glad to answer them.